

CALIFORNIA WATER SERVICE COMPANY
1720 North First Street, San Jose, CA 95112
(408) 367-8200

Original Cal. P.U.C. Sheet No. 6757-W
Canceling Cal. P.U.C. Sheet No. _____

Preliminary Statement
(continued)

- I. Water Conservation Memorandum Account for the Bear Gulch, Mid-Peninsula, and South San Francisco districts
1. Purpose: This memorandum account will track changes in fixed costs and related income taxes included in the quantity rates due to changes in water sales.
 2. The following entries will be recorded monthly to each district's memorandum account:
 - a. Adopted and recorded sales by month;
 - b. Memorandum account rate (fixed costs in the quantity rate, including the adopted income taxes, divided by the total forecasted sales adopted in the last GRC);
 - c. Surcharge/surcredit revenues collected to amortize the memorandum account balance;
 - d. Franchise fees and uncollectible account expense, based c) above and the adopted rates for franchise fees and uncollectible accounts expense (debit or credit);
 - e. Monthly interest expense calculated at 1/12 of the most recent month's interest rate on Commercial Paper (prime, 90-day), published in the Federal Reserve Statistical Release (debit or credit).
 3. Surcharges and surcredits to amortize the Water Conservation Memorandum Account will be addressed in the general rate case. However, if the combined over- or under-collections in any district exceeds 2.5% of the district's total recorded revenue requirement for the prior calendar year, Cal Water will file an advice letter that amortizes the balance in the district.

(To be inserted by utility)
Advice Letter No. 1807
Decision No. _____

Issued by
FRANCIS S. FERRARO
NAME
Vice President
TITLE

(To be inserted by Cal. P.U.C.)
Date Filed MAY - 3 2007
Effective JUN 21 2007
Resolution No. _____